

## 4150 Department of Managed Health Care

The people of the Department of Managed Health Care work toward an affordable, accountable and robust managed care delivery system that promotes healthier Californians.

Through leadership and partnership, the Department shares responsibility with everyone in managed care to ensure high quality health care, as well as cost-effective regulatory oversight. The Department achieves this mission by:

- Administering and enforcing the body of statutes collectively known as the Knox-Keene Health Care Service Plan Act of 1975, as amended.
- Operating the 24-hour-a-day Help Center to resolve consumer complaints and problems.
- Licensing and overseeing all Health Maintenance Organizations (HMOs) and some Preferred Provider Organizations (PPOs) in the state. Overall, the DMHC regulates approximately 90 percent of the commercial health care marketplace in California, including oversight of enrollees in Medi-Cal managed care health plans.
- Conducting medical surveys and financial examinations to ensure health care service plans are complying with the laws and are financially solvent to serve their enrollees.
- Convening the Financial Solvency Standards Board, comprised of people with expertise in the medical, financial and health plan industries. The board advises the Director on ways to keep the managed care industry financially healthy and available for the more than 21 million Californians who are currently enrolled in these types of health plans.

### 3-YR EXPENDITURES AND POSITIONS

	Positions			Expenditures		
	2012-13	2013-14	2014-15	2012-13*	2013-14*	2014-15*
30 Health Plan Program	218.3	288.5	313.8	\$46,066	\$57,013	\$58,972
50.01 Administration	70.3	82.0	83.5	8,198	11,123	11,006
50.02 Distributed Administration	-	-	-	-8,198	-11,123	-11,006
<b>TOTALS, POSITIONS AND EXPENDITURES (All Programs)</b>	<b>288.6</b>	<b>370.5</b>	<b>397.3</b>	<b>\$46,066</b>	<b>\$57,013</b>	<b>\$58,972</b>
<b>FUNDING</b>				<b>2012-13*</b>	<b>2013-14*</b>	<b>2014-15*</b>
0890 Federal Trust Fund				\$4,329	\$1,749	\$75
0933 Managed Care Fund				40,671	51,432	55,485
0995 Reimbursements				1,066	3,832	3,412
<b>TOTALS, EXPENDITURES, ALL FUNDS</b>				<b>\$46,066</b>	<b>\$57,013</b>	<b>\$58,972</b>

### LEGAL CITATIONS AND AUTHORITY

#### DEPARTMENT AUTHORITY

Health and Safety Code Sections 1340-1399.818 inclusive; California Code of Regulations, Title 28, sections 1000-1300.826.

### DETAILED BUDGET ADJUSTMENTS

	2013-14*			2014-15*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
<b>Workload Budget Adjustments</b>						
<b>Workload Budget Change Proposals</b>						
• Affordable Care Act: Medi-Cal Expansion	\$-	\$-	-	\$-	\$2,404	18.0
• Affordable Care Act: Individual Market	-	-	-	-	1,518	13.5
• Contract Conversion: Information Technology Support of Customer Relationship Management System	-	-	-	-	-50	2.0
<b>Totals, Workload Budget Change Proposals</b>	<b>\$-</b>	<b>\$-</b>	<b>-</b>	<b>\$-</b>	<b>\$3,872</b>	<b>33.5</b>
<b>Other Workload Budget Adjustments</b>						
• Employee Compensation Adjustments	\$-	\$390	-	\$-	\$410	-
• Retirement Rate Adjustment	-	180	-	-	180	-
• Abolished Vacant Positions	-	-241	-3.0	-	-	-
• One Time Cost Reductions	-	-	-	-	-2,264	-7.5
• Full Year Cost of New/Expanded Programs	-	-	-	-	99	0.8
• Carryover/Reappropriation	-	212	-	-	-	-

\* Dollars in thousands, except in Salary Range.

## 4150 Department of Managed Health Care - Continued

	2013-14*			2014-15*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
• Miscellaneous Adjustments	-	-	-	-	203	-3.0
<b>Totals, Other Workload Budget Adjustments</b>	<b>\$-</b>	<b>\$541</b>	<b>-3.0</b>	<b>\$-</b>	<b>-\$1,372</b>	<b>-9.7</b>
<b>Totals, Workload Budget Adjustments</b>	<b>\$-</b>	<b>\$541</b>	<b>-3.0</b>	<b>\$-</b>	<b>\$2,500</b>	<b>23.8</b>
<b>Totals, Budget Adjustments</b>	<b>\$-</b>	<b>\$541</b>	<b>-3.0</b>	<b>\$-</b>	<b>\$2,500</b>	<b>23.8</b>

### PROGRAM DESCRIPTIONS

#### 30 - HEALTH PLAN PROGRAM

The Health Plan Program's primary objective is to regulate managed care health plans and assist consumers to resolve disputes with health plans. The program's key functions to achieve this objective are to: license managed care health plans, conduct routine and non-routine financial exams and medical surveys, review proposed premium rate increases, assist consumers with health care issues and ensure that managed health care patients receive the medical care and services to which they are entitled, assist Californians in navigating the changing health care landscape as a result of the Affordable Care Act and operate a consumer services toll-free complaint line (1-888-466-2219).

#### 50 - ADMINISTRATION

The Administration Program provides services essential for the administration of the Department and its programs, including the Executive Office, Administrative Services, and Information Technology Support.

### DETAILED EXPENDITURES BY PROGRAM

		2012-13*	2013-14*	2014-15*
<b>PROGRAM REQUIREMENTS</b>				
<b>30</b>	<b>HEALTH PLAN PROGRAM</b>			
	<b>State Operations:</b>			
0890	Federal Trust Fund	\$4,329	\$1,749	\$75
0933	Managed Care Fund	40,671	51,432	55,485
0995	Reimbursements	1,066	3,832	3,412
	<b>Totals, State Operations</b>	<b>\$46,066</b>	<b>\$57,013</b>	<b>\$58,972</b>
<b>ELEMENT REQUIREMENTS</b>				
<b>30.10</b>	<b>Health Care Service Plans</b>	<b>\$46,066</b>	<b>\$57,013</b>	<b>\$58,972</b>
	<b>State Operations:</b>			
0890	Federal Trust Fund	4,329	1,749	75
0933	Managed Care Fund	40,671	51,432	55,485
0995	Reimbursements	1,066	3,832	3,412
	<b>TOTALS, EXPENDITURES</b>			
	State Operations	46,066	57,013	58,972
	<b>Totals, Expenditures</b>	<b>\$46,066</b>	<b>\$57,013</b>	<b>\$58,972</b>

### EXPENDITURES BY CATEGORY

1 State Operations		Positions			Expenditures		
		2012-13	2013-14	2014-15	2012-13*	2013-14*	2014-15*
PERSONAL SERVICES							
	Authorized Positions (Equals Sch. 7A)	288.6	370.5	363.8	\$19,807	\$25,827	\$25,980
	Total Adjustments	-	-	33.5	-	280	2,205
	<b>Net Totals, Salaries and Wages</b>	<b>288.6</b>	<b>370.5</b>	<b>397.3</b>	<b>\$19,807</b>	<b>\$26,107</b>	<b>\$28,185</b>
	Staff Benefits	-	-	-	8,054	10,443	11,274
	<b>Totals, Personal Services</b>	<b>288.6</b>	<b>370.5</b>	<b>397.3</b>	<b>\$27,861</b>	<b>\$36,550</b>	<b>\$39,459</b>
OPERATING EXPENSES AND EQUIPMENT					\$18,205	\$20,463	\$19,513

\* Dollars in thousands, except in Salary Range.

**4150 Department of Managed Health Care - Continued**

1 State Operations	Positions			Expenditures		
	2012-13	2013-14	2014-15	2012-13*	2013-14*	2014-15*
<b>TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)</b>				<b>\$46,066</b>	<b>\$57,013</b>	<b>\$58,972</b>

**DETAIL OF APPROPRIATIONS AND ADJUSTMENTS**

1 STATE OPERATIONS	2012-13*	2013-14*	2014-15*
<b>0890 Federal Trust Fund</b>			
APPROPRIATIONS			
001 Budget Act appropriation	\$755	\$691	\$75
Adjustment per Section 3.60	3	-	-
Adjustment per Section 3.90	-7	-	-
Budget Adjustment	4,636	-	-
Prior year balances available:			
Item 4150-001-0890, Budget Act of 2012 as reappropriated by Chapter 23, Statutes of 2013	-	1,058	-
<b>Totals Available</b>	<b>\$5,387</b>	<b>\$1,749</b>	<b>\$75</b>
Balance available in subsequent years	-1,058	-	-
<b>TOTALS, EXPENDITURES</b>	<b>\$4,329</b>	<b>\$1,749</b>	<b>\$75</b>
<b>0933 Managed Care Fund</b>			
APPROPRIATIONS			
001 Budget Act appropriation	\$50,042	\$50,858	\$55,485
Allocation for employee compensation	118	390	-
Adjustment per Section 3.60	565	180	-
Adjustment per Section 3.90	-1,410	-	-
Chapter 28, Statutes of 2012	400	-	-
Prior year balances available:			
Chapter 28, Statutes of 2012	-	212	-
<b>Totals Available</b>	<b>\$49,715</b>	<b>\$51,640</b>	<b>\$55,485</b>
Unexpended balance, estimated savings	-8,832	-208	-
Balance available in subsequent years	-212	-	-
<b>TOTALS, EXPENDITURES</b>	<b>\$40,671</b>	<b>\$51,432</b>	<b>\$55,485</b>
<b>0995 Reimbursements</b>			
APPROPRIATIONS			
Reimbursements	\$1,066	\$3,832	\$3,412
<b>TOTALS, EXPENDITURES, ALL FUNDS (State Operations)</b>	<b>\$46,066</b>	<b>\$57,013</b>	<b>\$58,972</b>

**FUND CONDITION STATEMENTS**

	2012-13*	2013-14*	2014-15*
<b>0933 Managed Care Fund <sup>s</sup></b>			
BEGINNING BALANCE	\$17,197	\$16,570	\$8,850
Prior year adjustments	1,254	-	-
Adjusted Beginning Balance	\$18,451	\$16,570	\$8,850
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
125700 Other Regulatory Licenses and Permits	40,403	45,343	50,696
150300 Income From Surplus Money Investments	92	92	92
161900 Other Revenue - Cost Recoveries	949	949	949
Transfers and Other Adjustments:			
TO3209 To Office of Patient Advocate Trust Fund per Chapter 552, Statutes of 2011	-2,374	-2,439	-2,439
Total Revenues, Transfers, and Other Adjustments	\$39,070	\$43,945	\$49,298

\* Dollars in thousands, except in Salary Range.

## 4150 Department of Managed Health Care - Continued

	2012-13*	2013-14*	2014-15*
Total Resources	\$57,521	\$60,515	\$58,148
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0840 State Controller (State Operations)	28	3	-
4150 Department of Managed Health Care (State Operations)	40,671	51,432	55,485
8880 Financial Information System for California (State Operations)	<u>252</u>	<u>230</u>	<u>42</u>
Total Expenditures and Expenditure Adjustments	<u>\$40,951</u>	<u>\$51,665</u>	<u>\$55,527</u>
FUND BALANCE	\$16,570	\$8,850	\$2,621
Reserve for economic uncertainties	16,570	8,850	2,621
<b>3133 Managed Care Administrative Fines and Penalties Fund <sup>s</sup></b>			
BEGINNING BALANCE	\$1,025	\$803	\$728
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
150300 Income From Surplus Money Investments	2	2	2
164300 Penalty Assessments	869	900	900
Transfers and Other Adjustments:			
TO0313 To Major Risk Medical Insurance Fund per Item 4280-112-3133, Budget Acts	-93	-	-
TO8034 To Medically Underserved Account for Physicians, Health Professions Education Fund per Chapter 607, Statutes 2008 Section 12(a)	<u>-1,000</u>	<u>-977</u>	<u>-902</u>
Total Revenues, Transfers, and Other Adjustments	<u>-\$222</u>	<u>-\$75</u>	<u>-</u>
Total Resources	<u>\$803</u>	<u>\$728</u>	<u>\$728</u>
FUND BALANCE	\$803	\$728	\$728
Reserve for economic uncertainties	803	728	728

### CHANGES IN AUTHORIZED POSITIONS

	Positions			Expenditures		
	2012-13	2013-14	2014-15	2012-13*	2013-14*	2014-15*
Totals, Authorized Positions	288.6	370.5	363.8	\$19,807	\$25,827	\$25,980
Salary Adjustments	-	-	-	-	280	280
<b>Proposed New Positions:</b>				<b>Salary Range</b>		
Help Center						
Nurse Evaluator II	-	-	3.5	4,917-6,457	-	239
Attorney	-	-	4.0	4,674-8,141	-	308
Assoc Govtl Prog Analyst	-	-	10.0	4,400-5,508	-	594
Consumer Assist Techn	-	-	11.0	2,638-3,305	-	392
Enforcement						
Associate Corporations Investigator	-	-	1.5	4,888-6,318	-	101
Attorney	-	-	1.5	4,674-8,141	-	115
Technology and Innovation						
Senior Programmer Analyst Specialist	<u>-</u>	<u>-</u>	<u>2.0</u>	<u>5,571-7322</u>	<u>-</u>	<u>176</u>
<b>Totals Proposed New Positions</b>	<u>-</u>	<u>-</u>	<u>33.5</u>	<u>\$-</u>	<u>\$-</u>	<u>\$1,925</u>
<b>Total Adjustments</b>	<u>-</u>	<u>-</u>	<u>33.5</u>	<u>\$-</u>	<u>\$280</u>	<u>\$2,205</u>
<b>TOTALS, SALARIES AND WAGES</b>	<b>288.6</b>	<b>370.5</b>	<b>397.3</b>	<b>\$19,807</b>	<b>\$26,107</b>	<b>\$28,185</b>

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